



Appropriations Update

Committee on the Budget • Majority Caucus
U.S. House of Representatives
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LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION APPROPRIATIONS BILL FOR FISCAL YEAR 2004 – H.R. 2660

SUMMARY

The Labor, Health and Human Services, and Education [Labor-HHS] appropriations bill reported to the House on 8 July 2003 (H.R. 2660; H.Rept. 108-188) provides new budget authority equal to the 302(b) suballocation to the Labor-HHS subcommittee for fiscal year 2004.

Nevertheless, the bill violates the Budget Act as a result of shifting \$2.244 billion of previously appropriated fiscal year

2004 education spending into fiscal year 2003. This causes a breach of both the fiscal year 2003 suballocation to the Labor-HHS subcommittee, and the overall fiscal year 2003 limit for budget authority.

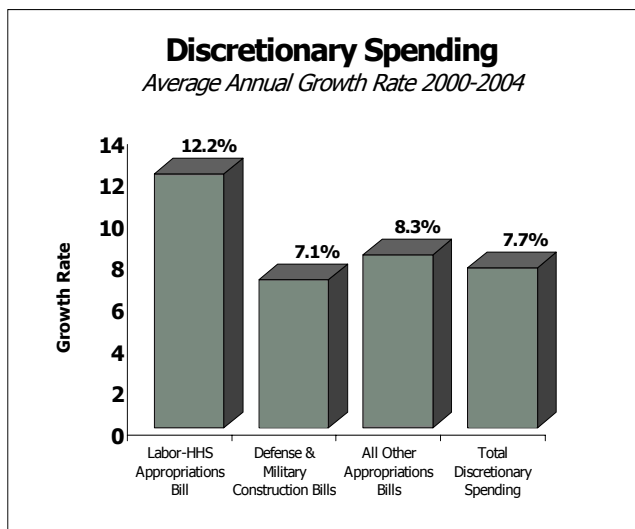
Even though the bill violates the Budget Act, the rule providing for the bill's consideration waives the relevant points of order.

COST OF THE LEGISLATION

H.R. 2660 provides \$138.036 billion in new budget authority [BA] and \$134.765 billion in outlays for 2004 – an increase of \$5.967 billion in BA and \$8.525 billion in outlays from fiscal year 2003 (see Table 1 on the next page). The growth in outlays results from BA enacted in prior years. The bill provides \$2.692 billion more BA than included in the President's request, resulting in year-over-year growth of 4.5 percent.

As shown in the chart alongside, assuming enactment of this bill, new BA for Labor-HHS will have increased an average of 12.2 percent a year in the 2000-04 period. This rate of growth is greater than either defense-related or nondefense appropriations, and 4.5 percentage points above that of discretionary spending as a whole.

The bill does not contain emergency-designated new BA, nor does it include rescissions of previously enacted BA.



COMPLIANCE WITH THE BUDGET RESOLUTION

The bill provides budget authority for 3 fiscal years: 2003, 2004, and 2005. The BA provided for fiscal years 2004 and 2005 is permitted under the budget, but the BA provided for

fiscal year 2003 causes violations of sections 302(f) and 311(a) of the Budget Act. The first of these prohibits consideration of bills in excess of a subcommittee's 302(b)

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allocation for new budget authority. The second, section 311(a), prohibits consideration of legislation exceeding the aggregate levels of budget authority and outlays established in the concurrent resolution on the budget.

The \$2.244 billion in education funding provided for fiscal year 2003 causes an equivalent breach of the fiscal year 2003 302(b) suballocation to the Labor-HHS subcommittee, and a breach of \$848 million in the aggregate level of budget authority established by the budget resolution. There are no outlays associated with this budget authority, so outlays are unchanged relative to the suballocations or aggregate.

With respect to fiscal year 2004, the \$138.036 billion in new discretionary budget authority provided by the bill is the same as the 302(b) allocation to the House Appropriations Subcommittee on Labor, Health and Human Services, and Education; outlays are \$1 million below the allocation.

Because no appropriations bills for fiscal year 2004 have been enacted, there is ample room under the BA and outlay ceilings, and hence the bill would not violate section 311(a) in that year

Budget authority provided for fiscal year 2005 – advance appropriations – is subject to the restriction on advance appropriations in section 501 of the budget resolution. That section limits the total of advance appropriations to \$23.158 billion for fiscal year 2005, and specifies that only certain accounts, listed in the resolution’s statement of managers, are eligible for advance appropriations. The bill provides \$18.874 billion in advances, \$4.284 billion below the limit. The bill moves \$330 million from School Improvement, a program included on that list, to Safe Schools, a new account established by the administration for fiscal year 2004 that was not included on the list. This causes a technical violation of the budget resolution; but this violation would also be insulated by the rule.

Table 1: Labor, HHS, Education Appropriations Bill
(fiscal years; millions of dollars)

	2003 Spending ^a	Administration 2004	302 (b) for 2004	Bill
Budget Authority	132,069	135,344	138,036	138,036
Outlays	126,240	132,051	134,766	134,765
^a Does not include \$163 million in BA and \$46 million in outlays included in the fiscal year 2003 Iraq conflict supplemental (Public Law 108-11).				

Table 2: Discretionary Spending in the Labor, HHS, and Education Appropriations Bill
(in millions of dollars)

	2003 Budget Authority ^a	2003 Outlays ^a	2004 Budget Authority	2004 Outlays	Difference BA	Difference Outlays
Education	50,868	49,548	55,381	53,779	4,513	4,231
Health and Human Services	61,097	55,963	62,195	60,550	1,098	4,587
<i>National Institutes of Health [NIH]</i>	26,982	22,781	27,663	26,280	681	3,499
Labor	11,829	12,392	11,681	11,735	-148	-657
Other	8,275	8,337	8,779	8,701	504	364
Total	132,069	126,240	138,036	134,765	5,967	8,525

^a Does not include \$163 million in BA and \$46 million in outlays included in the fiscal year 2003 Iraq conflict supplemental (Public Law 108-11).

DISCUSSION

The bill is \$5.967 billion above 2003 spending (see Table 2 above), and is \$2.692 million above the President’s request. Significant differences include the following:

- *Education \$4.5 billion:* The bill provides additional funding over 2003 for special education (\$2.216 billion), elementary and secondary education accounts

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(\$1.253 billion), Federal student aid (\$899 million), and vocational education (\$151 million), and a net reduction of \$6 million for other accounts. The increase in elementary and secondary education includes \$50 million for Impact Aid.

Relative to the President’s request, the bill provides a net \$2.244-billion increase. Higher spending is provided for special education (\$1.054 billion), elementary and secondary education (\$765 million), vocational education (\$503 million), and other accounts (\$226 million). These increases are offset by a reduction in Federal student aid (\$304 million). Included in the Elementary and Secondary Education increase is \$222 million for Impact Aid.

- *Health and Human Services \$1.1 billion:* The bill provides additional funding over 2003 for the National Institutes of Health (\$681 million); the Centers for Disease Control (\$270 million); the Substance Abuse and Mental Health Administration (\$192 million); Administration for Children and Families (\$129 million); and other increases (\$85 million). These increases are offset by reductions to Health Resources and Services Administration (\$179 million), the Centers for Medicare and Medicaid Services (\$40 million), the Inspector General (\$37 million), and the Agency for Healthcare Research and Quality (\$3 million).

The bill provides a net \$448 million more than the President’s request due to increases for Health Resources and Services Administration (\$587 million) and Centers for Disease Control (\$382 million) and other increases (\$52 million). These increases were offset by reductions to the request for the Administration for Children and Families (\$372 million), Department Management (\$85 million), the

Substance Abuse and Mental Health Administration (\$64 million), and other reductions (\$52 million).

- *Labor -\$148 million:* The bill provides less funding than 2003 for Department Management (\$111 million), the Employment and Training Administration (\$79 million), Mine Safety (\$6 million), and Other (\$3 million). These reductions are offset by increases in the Employment Standards Administration (\$17 million), the Bureau of Labor Statistics (\$17 million), the Employee Benefits Security Administration (\$13 million), and the Pension Benefits Guaranty Corporation (\$4 million).

The bill provides \$146 million more than the President’s request through increases for the Employment and Training Administration (\$83 million), and the Employment Standards Administration (\$88 million). These increases are offset by reductions in Department Management (\$22 million), and Other (\$3 million).

- *Other \$504 million:* The bill provides \$549 million more for the Social Security Administration, offset by a reduction of \$45 million in various independent agencies.

The bill provides \$146 million less than the President’s request due to reductions in the following agencies: the Social Security Administration (\$120 million); the Corporation for National and Community Service (\$12 million); the Railroad Retirement Board (\$7 million); the National Labor Relations Board (\$4 million); and the Institute of Museum and Library Services (\$4 million). These reductions were partly offset by an increase in the Federal Mediation and Conciliation Service (\$1 million).

CHANGES IN MANDATORY PROGRAMS

The bill contains changes to mandatory programs – programs not subject to annual appropriations – worth \$98 million in BA and \$67 million in outlays. Two provisions account for this fiscal impact. The first reduces budget authority and outlays by \$98 million as a result of a new fee imposed on Medicare providers who submit duplicate claims or claims that cannot be processed. This provision,

which constitutes legislating on an appropriations bill, is not protected under the rule. The other provision increases outlays in the Temporary Assistance for Needy Families program by \$31 million. Though these provisions are mandatory and under the jurisdictions of their respective authorizing committees, the costs are counted against the allocation to the Labor-HHS subcommittee.

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